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SAN FRANCISCO
DOWNTOWN OFFICE BUILDING OCCUPANCY
BY SIZE AND
STANDARD INDUSTRIAL CLASSIFICATION

March, 1986

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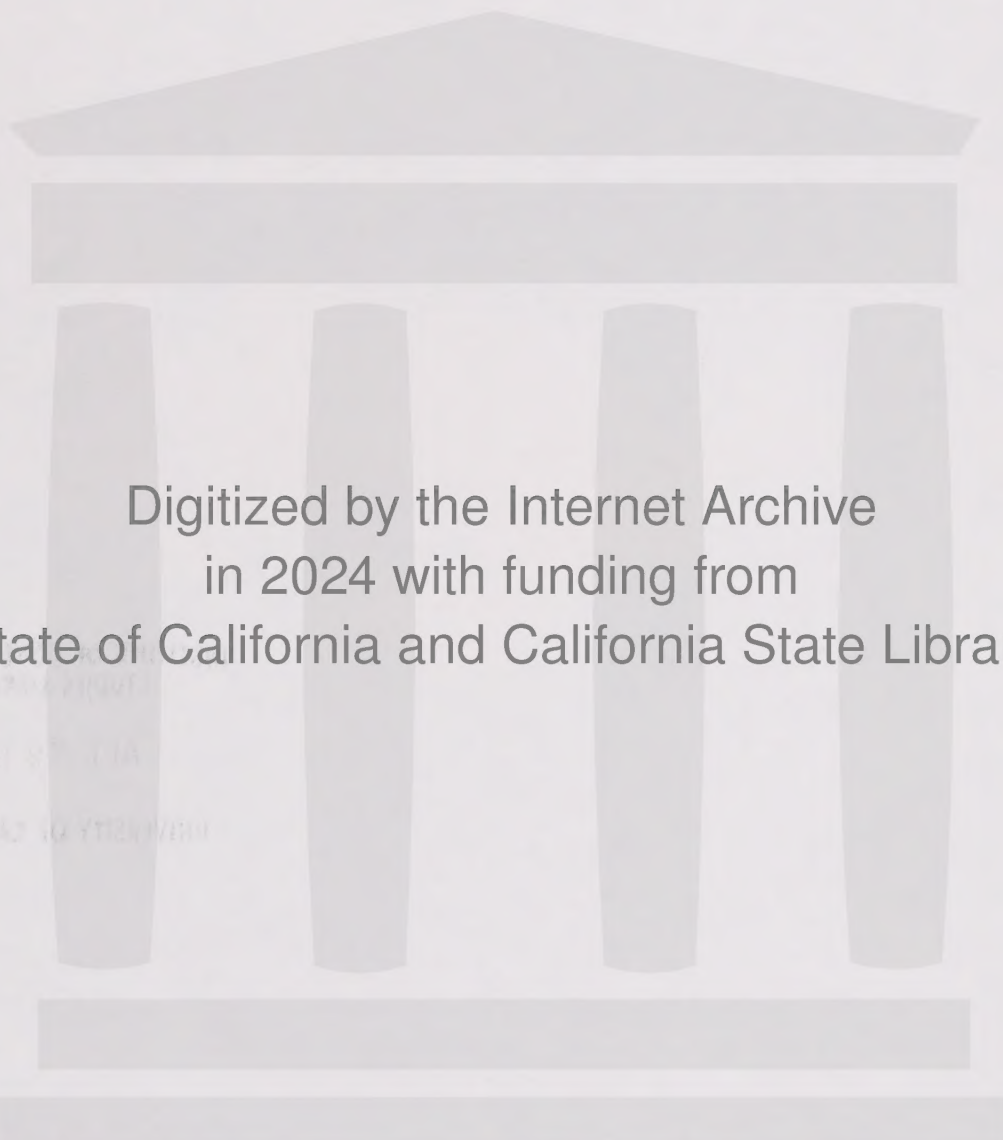
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by:

Mark W. Buell

UNIVERSITY OF CALIFORNIA

125 Randall Street
San Francisco, California 94131
(415) 824-6599



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TABLE OF CONTENTS

87 00578

	<u>Page</u>
INTRODUCTION	1
SUMMARY	3
STUDY AREA	5
EMPLOYMENT IN SAN FRANCISCO	17
ANALYSIS OF SELECTED HIGHRISES	22
101 CALIFORNIA STREET	23
353 SACRAMENTO STREET	27
505 SANSOME STREET	31
CITY POLICIES	36
CONCLUSIONS	37

TABLES

	<u>Page</u>
STUDY AREA MAP	2
DOWNTOWN STUDY AREA	7
ZIP CODE 94111	8
ZIP CODE 94104	9
ZIP CODE 94105	10
DOWNTOWN STUDY AREA OFFICE SPACE OCCUPIED BY TYPE OF BUSINESS	11
DOWNTOWN STUDY AREA OCCUPANCY BY SIC CODE	12
WAGE AND SALARY EMPLOYMENT BY INDUSTRY	19
EMPLOYMENT FORECAST	19
NEW JOBS VS. REPLACEMENT NEEDS	20
JOB GROWTH BY INDUSTRY	21
101 CALIFORNIA STREET PERCENTAGE OF FIRMS BY SIC CODE	25
101 CALIFORNIA STREET PERCENTAGE OF OCCUPANCY BY SIC CODE	25
101 CALIFORNIA STREET PERCENTAGE OF FIRMS BY NUMBER OF EMPLOYEES	26
101 CALIFORNIA STREET PERCENTAGE OF SQUARE FOOT OCCUPANCY BY SIZE OF COMPANY	26
353 SACRAMENTO STREET PERCENTAGE OF FIRMS BY SIC CODE	29
353 SACRAMENTO STREET PERCENTAGE OF OCCUPANCY BY SIC CODE	29
353 SACRAMENTO STREET PERCENTAGE OF FIRMS BY NUMBER OF EMPLOYEES	30
353 SACRAMENTO STREET PERCENTAGE OF SQUARE FOOT OCCUPANCY BY SIZE OF COMPANY	30

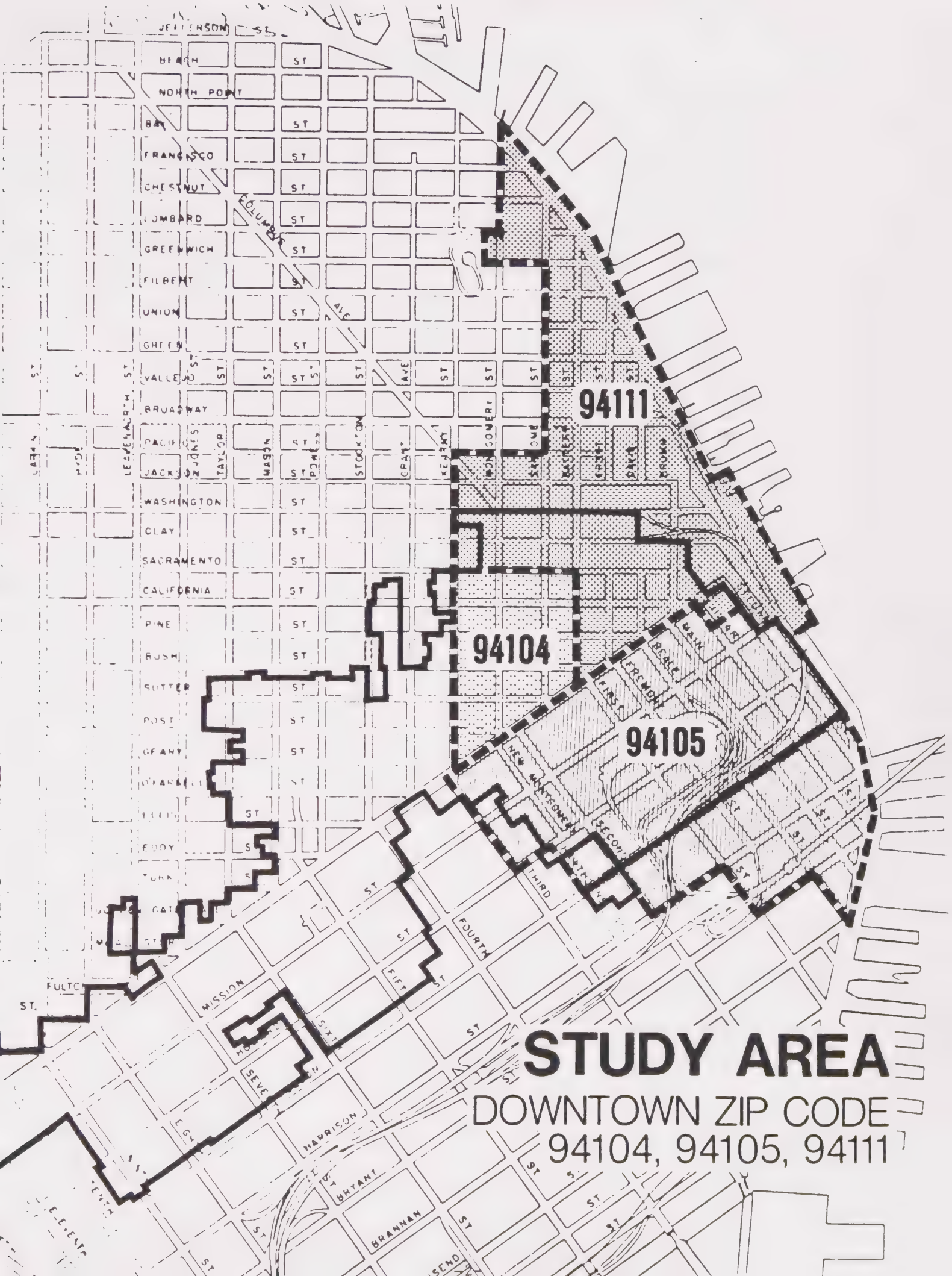
TABLES (Continued)

	<u>Page</u>
505 SANSOME STREET PERCENTAGE OF FIRMS BY SIC CODE	32
505 SANSOME STREET PERCENTAGE OF OCCUPANCY BY SIC CODE	32
505 SANSOME STREET PERCENTAGE OF FIRMS BY NUMBER OF EMPLOYEES	33
505 SANSOME STREET PERCENTAGE OF SQUARE FOOT OCCUPANCY BY SIZE OF COMPANY	33
ECOMONIC IMPACTS	34

INTRODUCTION

While San Francisco is home to some of the West's largest and most prestigious corporations, you may be surprised to know that the average size company doing business in downtown San Francisco has 32 or fewer employees. This report sets out to look at who occupies downtown San Francisco, how big the companies are and whether they are part of the emerging economy of the region. A brief analysis of the types and sizes of businesses that occupy offices in the three Zip codes comprising downtown (94104, 94105 and 94111) is also included. In addition, a closer look is taken at three highrises constructed since 1980 to examine what kind of businesses are moving into the newest of the office buildings. One very large building (1,250,000 square feet) and two smaller buildings (170,000 square feet and 300,000 square feet) are examined.

The study area consisted of buildings located within the Zip codes 94104, 94105 and 94111. Much of the information reflected in this report was developed through data made available by Coldwell Banker, Grubb and Ellis Company, the San Francisco Department of City Planning, the California State Employment Development Department and the San Francisco Chamber of Commerce.



94111

94104

94105

STUDY AREA

DOWNTOWN ZIP CODE
94104, 94105, 94111

SUMMARY

General Findings

- o There are approximately 6,084 private firms doing business in downtown San Francisco's Zip codes 94104, 94105 and 94111. These firms occupy approximately 48,000,000 net square feet of office space and employ approximately 190,000 people.
- o The average size firm in the study area employs 32 people and occupies 7,883 square feet of office space.
- o Over 78% of the firms in the study area employ 10 people or less, with 62.5% employing five people or less.
- o The greatest number of firms fall in the Service category, representing 45.7% of all business in the downtown area. These firms include legal services, business services and hotels.
- o The second largest number of firms by category is Wholesale and Retail trade, representing 21.1% of all firms, followed closely by the FIRE category (Finance, Insurance and Real Estate), which represents 20.6% of the businesses in downtown San Francisco.
- o The Finance, Insurance and Real Estate sector of the firms occupy 31.6% of all downtown space, followed by the Service sector occupying 27.9%.
- o The Employment Development Department of the State of California projects that employment will increase by 12,300 jobs, or 2.2%, from December 1984 to December 1986. Business services will add more than half of these jobs.

- o Approximately 1,000,000 square feet of additional downtown office space will be required to accommodate projected growth. This is consistent with absorption rates for downtown space, which recorded 1.0 million square feet in 1984 and approximately 900,000 thousand square feet in 1985 (Coldwell Banker, source).
- o The large highrises (1 million square feet or more) tend to accommodate larger users, and, accordingly, the average company in these buildings has between 45 and 50 employees.
- o Medium (500,000 square feet) and smaller (200,000 square feet) office buildings accommodate smaller companies with approximately 30 to 35 employees per firm.
- o San Francisco office buildings provide a strong and healthy source of tax revenue to San Francisco while providing appropriate and desirable space for those sectors of the economy which are growing.

STUDY AREA

(Downtown Zip Codes 94104, 94105, 94111)

San Francisco provides employment for approximately 567,500 people. The two largest private sector job categories of employment fall within Services, with 171,600 workers (30.2%), and Finance, Insurance and Real Estate (FIRE), with 83,300 workers (14.7%). Government employment represents 15.3% of the workers, or 86,800 jobs (EDD, source).

The downtown study area has an estimated 6,084 employers providing 191,854 jobs. Accordingly, the average size business in the study area employs 32 people. The largest category of employers by number of firms is the Service industry, with 2,783 firms, or approximately 46% of all businesses downtown. These include law firms, management consultants, public relations, hotels and computer services. While this is the largest category by number of firms, it occupies about 28% of the space downtown. The more job-intense FIRE category represents 21% of all businesses downtown, but occupies the most space, taking up 32% of the downtown offices. This category includes banks, savings and loans, mortgage companies, insurance companies and real estate interests.

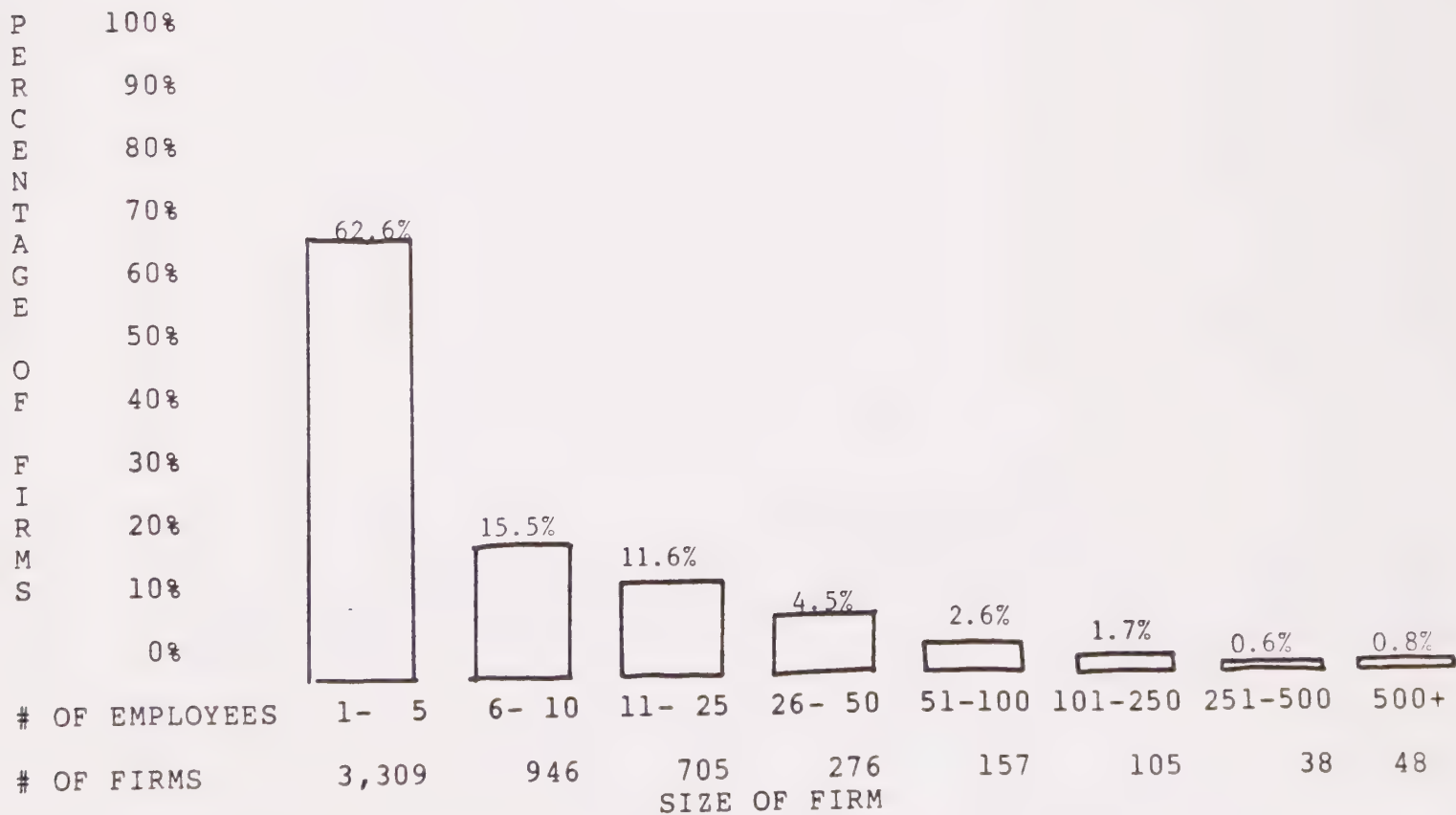
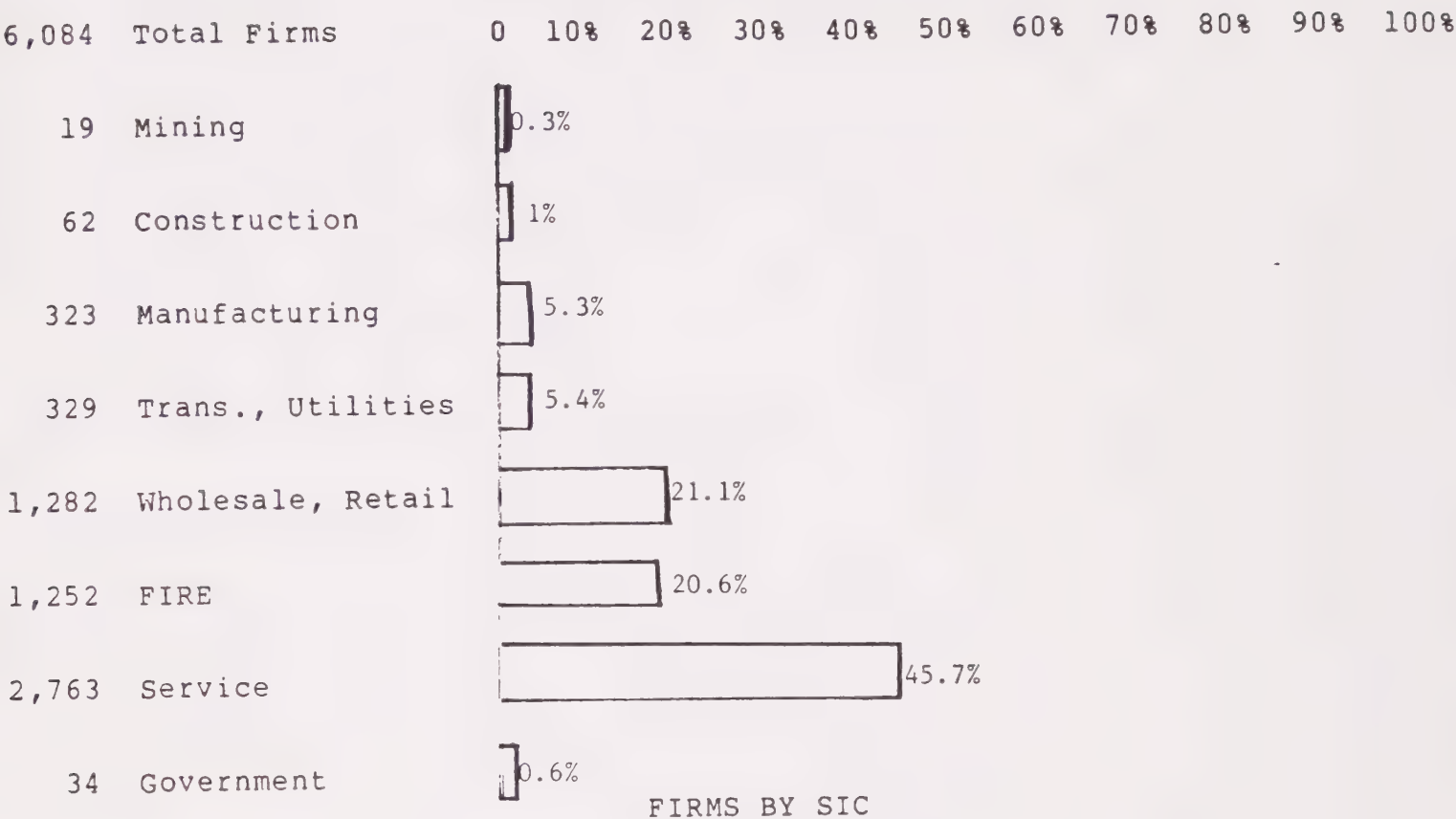
Wholesale and Retail concerns make up 21% of the businesses downtown, but occupy only 10% of the space, while Transportation and Public Utility companies represent only 5% of the employers but occupy 17% of the office buildings. These companies tend to be larger and more labor-intensive.

Manufacturing, Mining and Construction collectively represent less than 10% of the employers downtown and occupy equally little space.

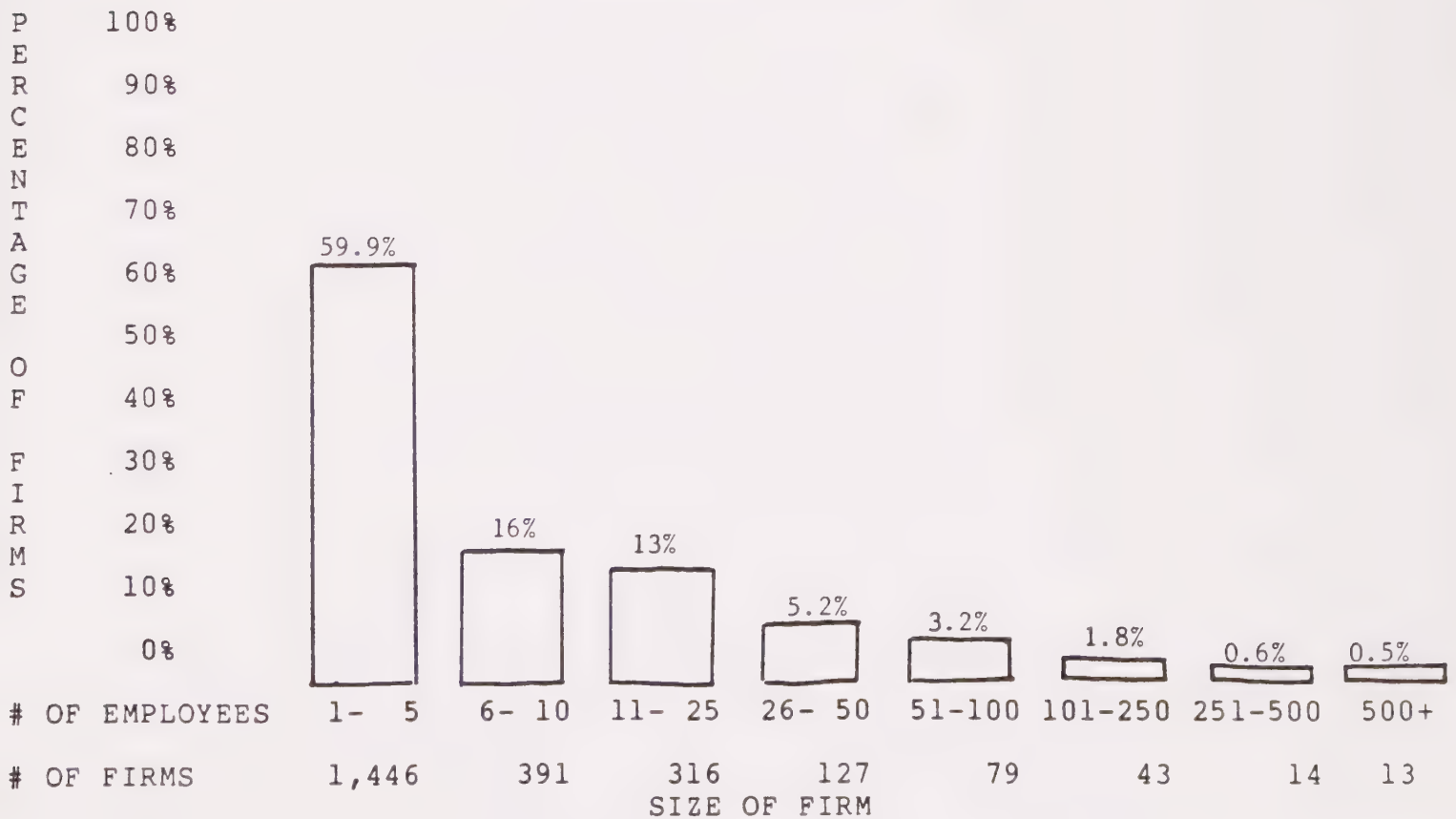
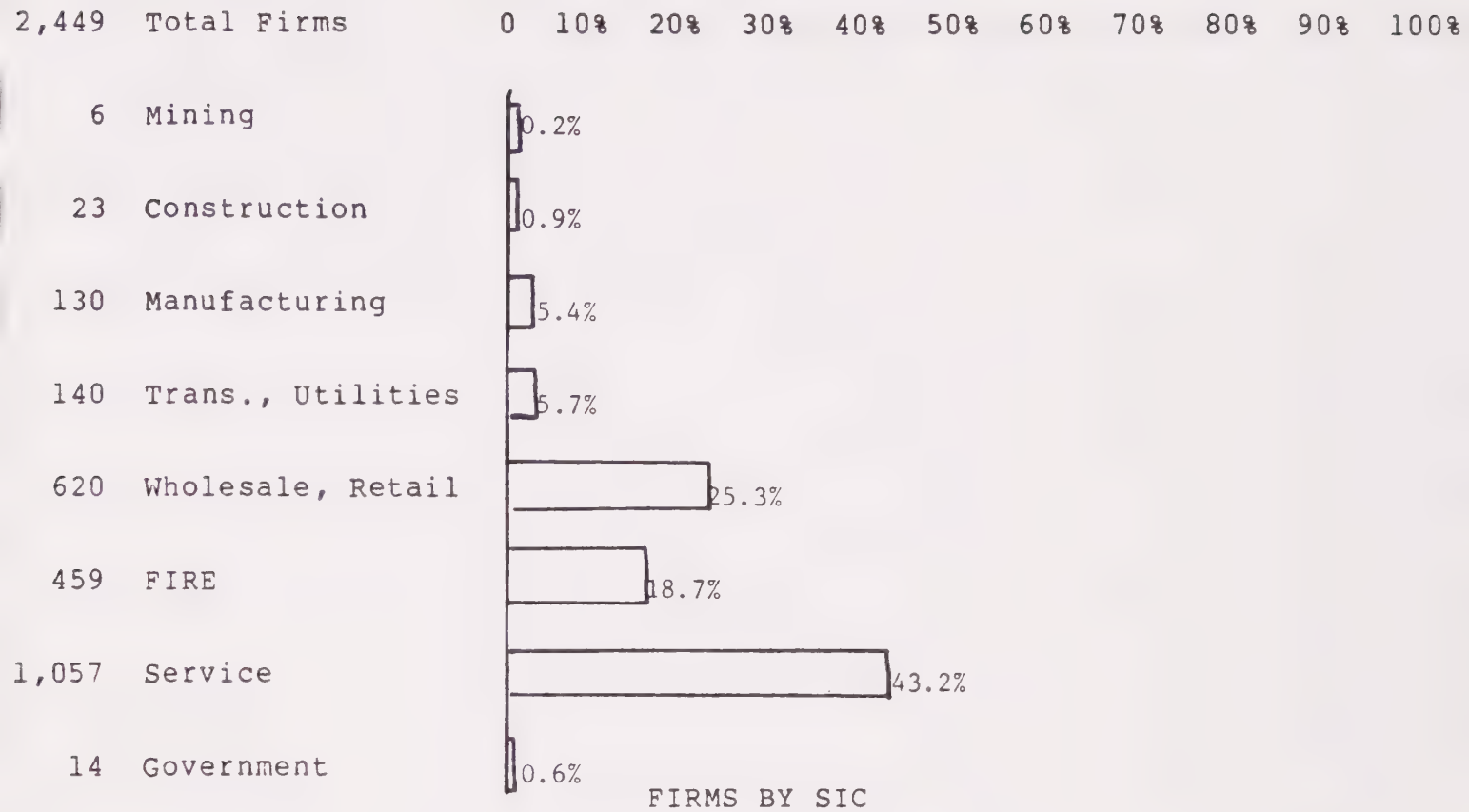
Space in the study area is being occupied at about 5% a year North of Market and 10% a year South of Market, where the greatest expansion is taking place. Sixty-three percent of all the business downtown employ five or less people, with 90% employing less than 25 people. North of market employers with 10 or more employees represent 20% of the total, while this number exceeds 25% South of Market.

DOWNTOWN STUDY AREA SAN FRANCISCO

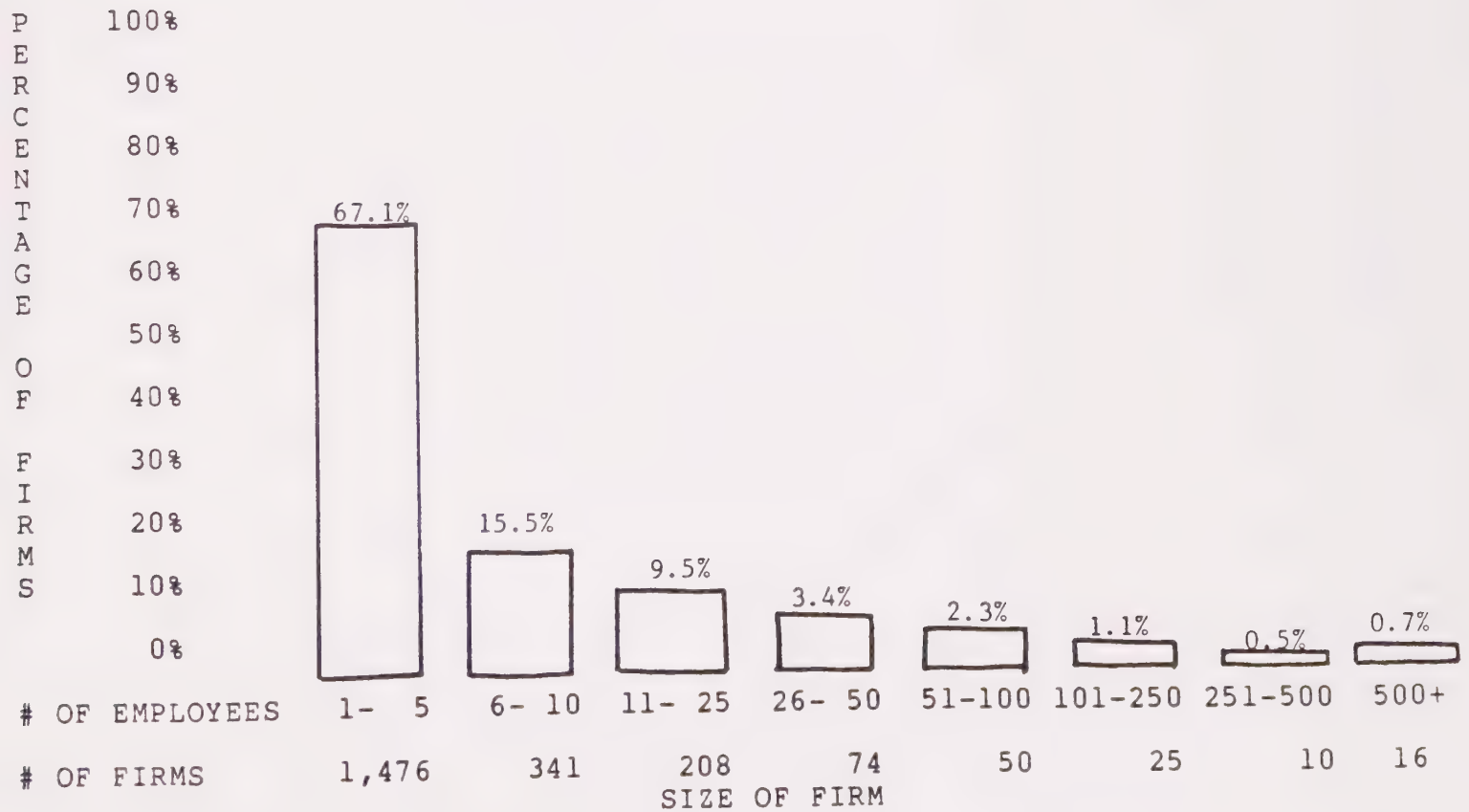
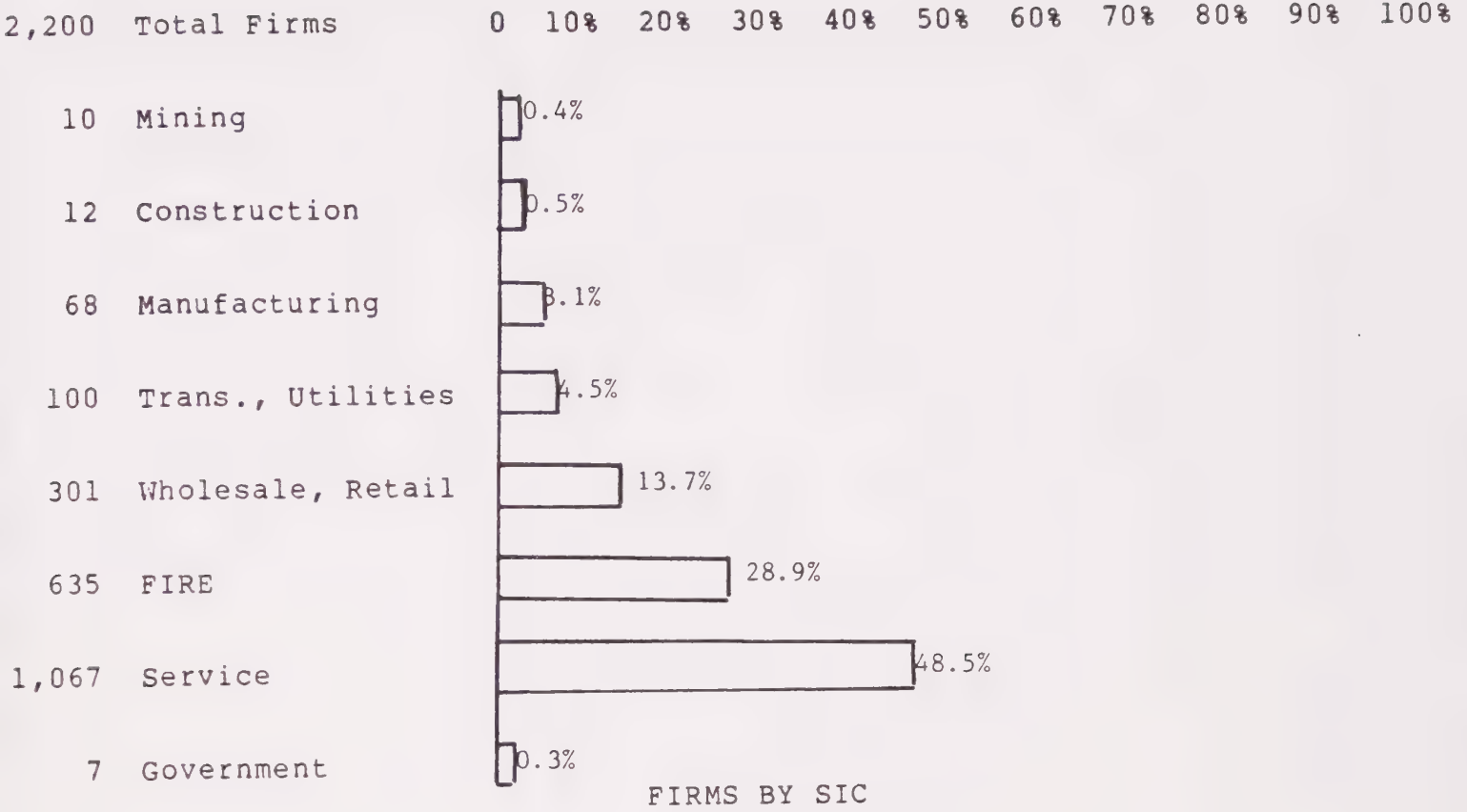
Zip Codes 94104, 94105, 94111



Zip Code 94111

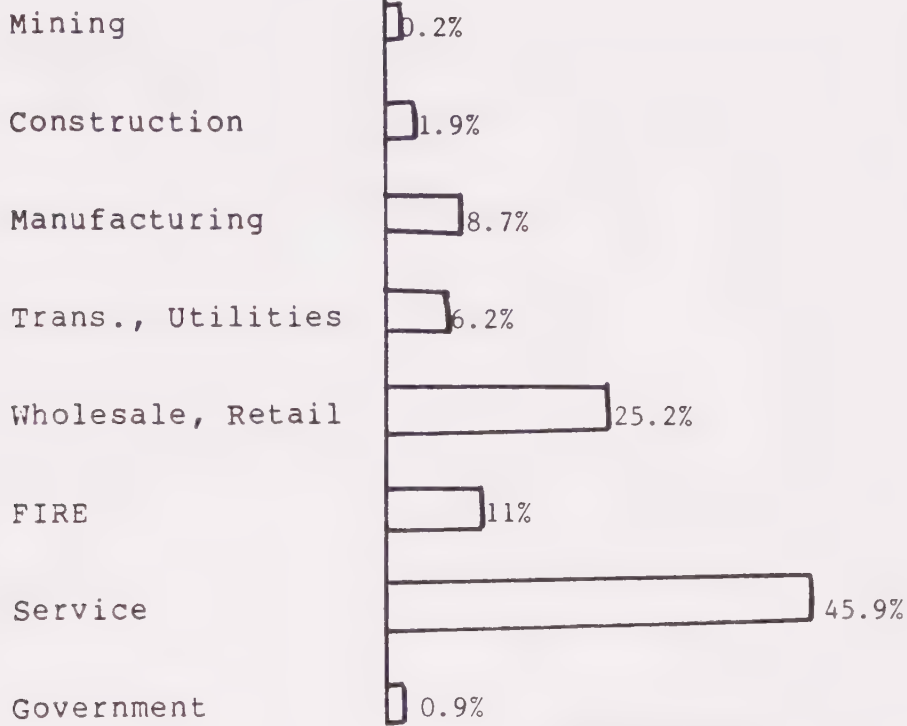


zip Code 94104

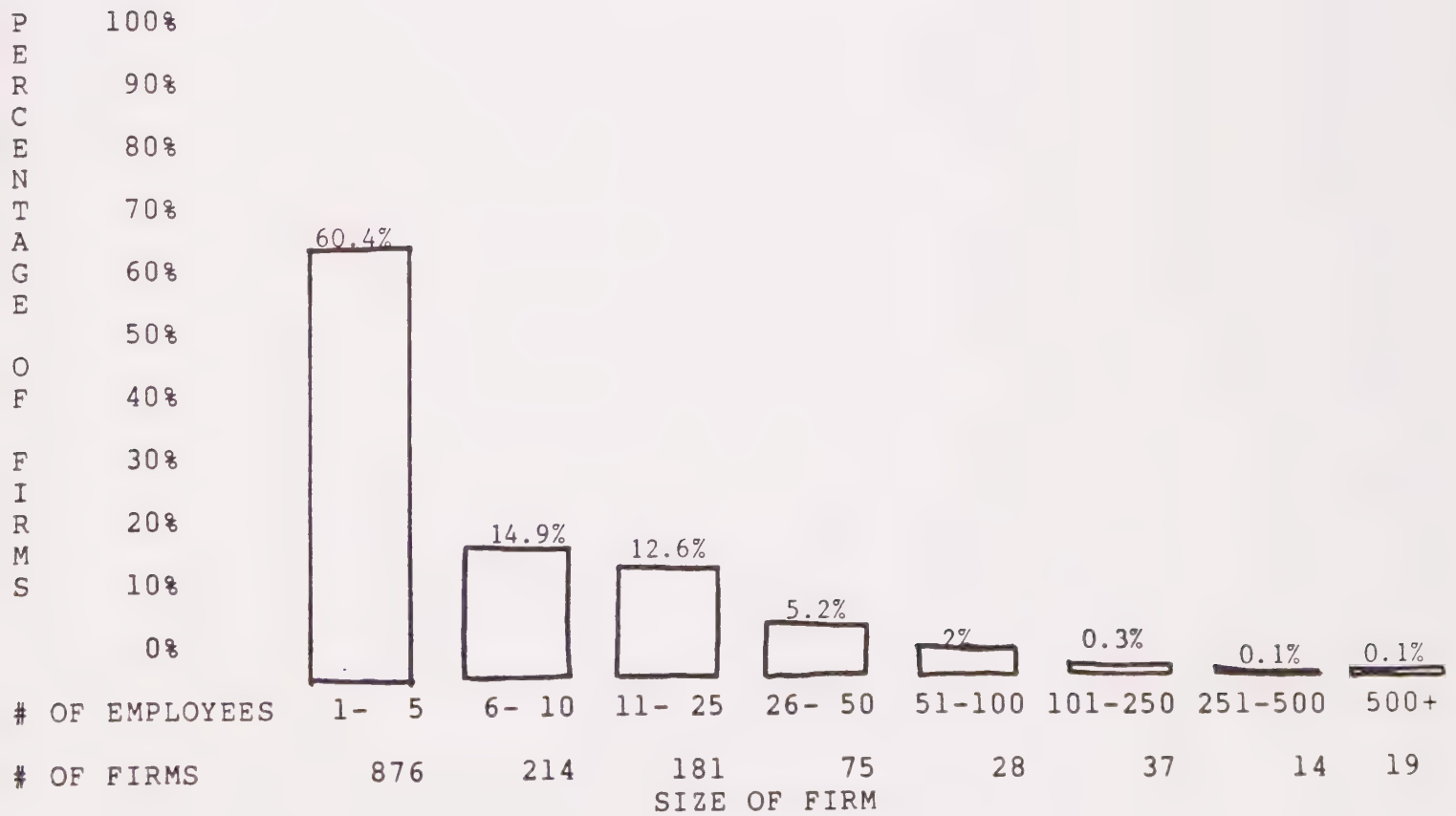


Zip Code 94105

1,435 Total Firms 0 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%



FIRMS BY SIC



DOWNTOWN STUDY AREA OFFICE SPACE OCCUPIED

by

TYPE OF BUSINESS

<u>Type of Business</u>	<u>Number of Firms</u>	<u>Percent</u>	<u>Square Feet</u>	<u>Percent</u>
FIRE	1,252	20.6%	15,108,569	31.6%
Services	2,763	45.7	13,381,873	27.9
Government	34	0.6	2,638,003	5.5
Wholesale, Retail	1,282	21.1	4,844,334	10.1
Manufacturing	323	5.3	2,733,931	5.7
Trans., Utilities	329	5.4	8,297,720	17.3
Other	<u>81</u>	<u>1.3</u>	<u>959,274</u>	<u>2.0</u>
TOTAL	6,084	100.0%	47,963,704	100.0%

DOWNTOWN STUDY AREA OCCUPANCY BY SIC CODE

SIC Code	Type of Business	Square Footage # of Companies	Percent Percent
60	Banking	9,060,971 160	19.69% 4.46
48	Communication	4,635,747 82	10.05 2.28
81	Legal Services	3,894,953 601	8.45 16.77
89	Miscellaneous Services	3,390,159 357	7.35 9.96
73	Business Services	3,165,939 565	6.86 15.77
63	Insurance Carriers	2,672,879 157	5.79 4.38
62	Stock Broker	2,264,721 192	4.91 5.36
49	Utility Services	1,977,503 17	4.29 .47
64	Insurance Broker	1,876,633 183	4.07 5.10
50	Wholesale Trade - Durable	1,150,266 145	2.49 4.04
51	Wholesale Trade - Nondurable	1,090,843 78	2.36 2.17
55	Auto Dlr's & Serv Stations	980,000 3	2.12 .08
94	Admin of Human Resources	849,653 16	1.84 .44
47	Transportation Services	756,415 147	1.64 4.10
65	Real Estate	748,965 148	1.62 4.13
86	Nonprofit Organization	747,605 114	1.62 3.18
61	Credit Agencies - Not Banks	643,468 94	1.39 2.62

SIC Code	Type of Business	Square Footage # of Companies	Percent Percent
23	Apparel	494,700 6	1.07 .16
40	Railroad Transportation	440,800 8	.95 .22
28	Chemicals	360,300 6	.78 .16
91	Executive Legislatv & Gen;	321,167 7	.69 .19
27	Printing & Publishing	318,906 77	.69 2.14
44	Water Transportation	289,147 30	.62 .83
20	Food & Kindred Products	284,233 12	.61 .33
67	Holding Company	281,101 42	.60 1.17
96	Admin of Economic Programs	265,557 19	.57 .53
95	Environmental Quality&HSG	226,154 14	.49 .39
26	Paper	205,000 3	.44 .08
90		201,125 1	.43 .02
93	Fin/Taxation/Monetry Plcy	197,000 7	.42 .19
82	Educational Services	182,702 24	.39 .67
13	Oil & Gas Extraction	172,797 9	.37 .25
45	Air Transportation	149,600 26	.32 .72
92	Justice/Public Ordrr/Safty	143,374 10	.31 .27

SIC Code	Type of Business	Square Footage # of Companies	Percent Percent
16	Non-Bldg Gen Contractor	135,503 6	.29 .16
97	Natl Securty&Intl Affairs	133,223 29	.28 .80
35	Machinery, Ex Electrical	113,616 8	.24 .22
39	Misc Mfg Industries	103,068 9	.22 .25
83	Social Services	97,510 17	.21 .47
41	Transit	79,716 4	.17 .11
46	Pipe Line Transportation	79,500 1	.17 .02
72	Personal Services	78,915 9	.17 .25
56	Apparel & Accessry Stores	76,518 5	.16 .13
36	Electrical Machinery	67,311 8	.14 .22
53	Gen Mdse Stores	63,744 2	.13 .05
33	Primary Metal Industries	63,385 3	.13 .08
78	Motion Pictures	63,380 18	.13 .50
70	Hotels, Lodgin	62,000 4	.13 .11
80	Medical Services	60,960 20	.13 .55
15	Gen Building Contractors	56,900 10	.12 .27
42	Motor Freight	35,771 4	.07 .11

SIC Code	Type of Business	Square Footage # of Companies	Percent Percent
10	Metal Mining	33,589 4	.07 .11
59	Misc Retail	32,000 13	.06 .36
38	Instruments	30,700 5	.06 .13
1	Agricultural Prod-Crops	29,000 1	.06 .02
17	Special Trade Contractors	27,545 7	.05 .19
58	Eating Place	21,556 4	.04 .11
30	Rubber	20,000 2	.04 .05
24	Lumber & Wood Products	19,567 2	.04 .05
79	Amusement & Recreatn Serv	13,305 6	.02 .16
66	Comb Re/Law/Ins	8,541 2	.01 .05
54	Food Store	8,200 3	.01 .08
7	Agricultural Services	5,800 2	.01 .05
76	Misc Repair Services	4,500 2	.05
37	Transportation Equipment	3,600 2	.05
57	Furniture Store	3,500 1	.02
100	Unknown SIC Code	3,400 2	.05
25	Furniture & Fixtures	3,000 1	.02

SIC Code	Type of Business	Square Footage # of Companies	Percent Percent
22	Textile Mill Products	3,000 1	.02
2	Agricultrl Prod-Livestock	1,848 1	.02
32	Stone Clay & Glass Prod	1,550 1	.02
75	Auto Repair/Servcs/Garags	1,100 1	.02
52	Bldg Materials	1,000 1	.02
34	Fabricated Metal Prod	1,000 1	.02
*	Firms Under 1,000 Sq. Ft.	1,875,000 2,502	
	TOTAL	47,963,704 6,082	

*Under 1,000 square feet -- smaller companies averaging three people per firm.

This report does not include businesses under 1,000 square feet. There are 2,502 companies under 1,000 square feet representing 1,875,000 square feet. These are predominantly in the Service industry.

Data from Coldwell Banker Office Data Bank

EMPLOYMENT IN SAN FRANCISCO

The Employment Development Department forecasts that San Francisco employment will increase at a 2.2% rate compounded annually. From December 1984 to December 1986, the EDD forecasts an increase of 20,300 jobs, primarily in Service and Retail Trade, offset by a decrease of 8,000 jobs in Utilities and Finance. Thus, a net increase of 12,300 jobs is projected for the 24-month period.

According to the EDD, "Business services will account for more than half of the 12,600 job increase, largely reflecting expanded office development in the city." Hotels and legal services figure strongly in this category as well. Retail Trade will gain an additional 7,000 jobs, with eating and drinking establishments contributing over half of these positions.

To offset this 20,000 job increase, the Transportation/Public Utilities category will experience a 5,100 job decline almost entirely due to the planned relocation of 5,000 Pacific Bell employees to San Ramon.

While the Finance, Insurance and Real Estate category continues to grow, a net loss of 1,900 jobs is forecast due primarily to the relocation of 3,500 Bank of America employees to Concord.

The large growth in the Service sector of the economy bodes well for downtown. This category of employment represents 45.7% of the firms downtown occupying 28% of the office space. The average Service firm employs 19 people occupying between 3,800 and 4,750 square feet.

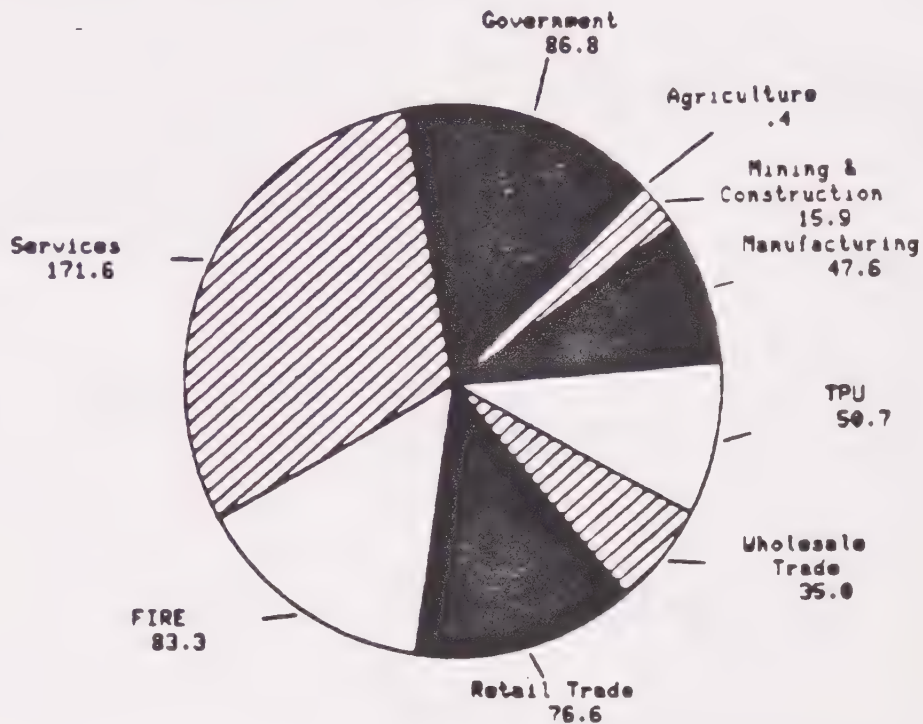
San Francisco as a whole will need to provide 1,260,000 to 1,575,000 square feet of office space a year in this category alone. Because of the strong association of Service industries to downtown, over 50% of this space will be in the C3 areas.

At the same time, there will be a reduction of between 500,000 and 600,000 square feet per year demand in 1985-86 in the Utility category due to Pacific Bell's relocation to San Ramon. Based on EDD findings, the net demand on San Francisco during 1985-86 should be approximately 1,230,000 to 1,537,000 square feet for new jobs based on a net employment growth of 6,150 jobs annually.

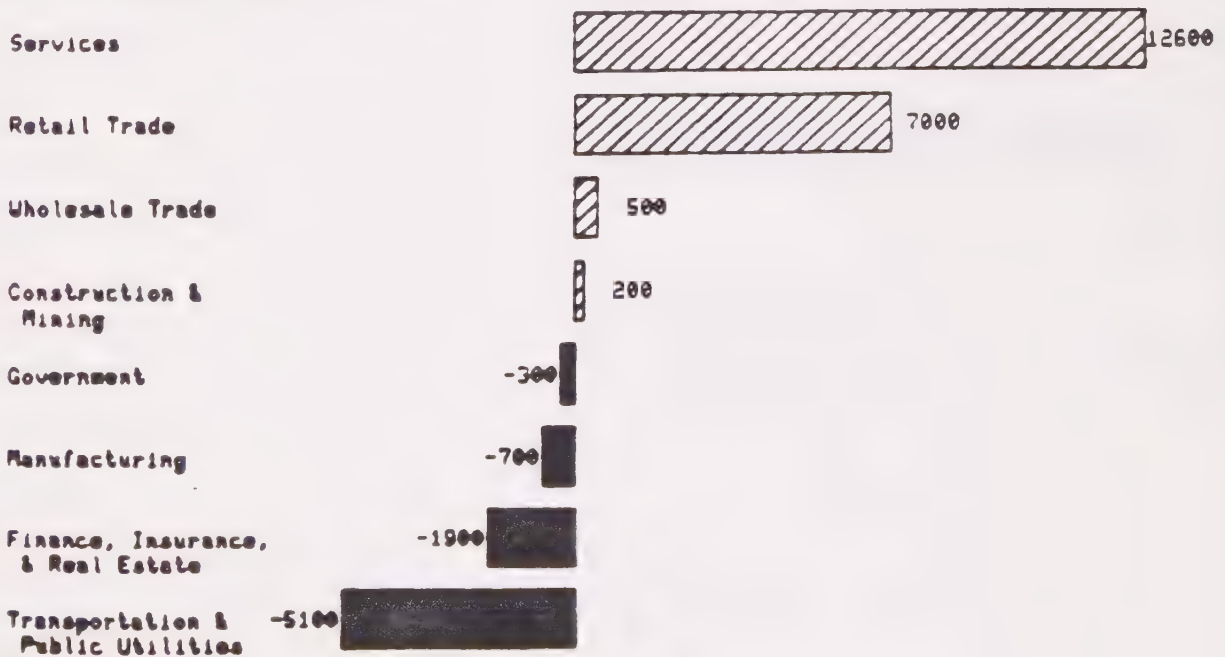
These projections are consistent with the recently published study by MIT economist David Birch. As reported in the San Francisco Bay Guardian, Birch noted that, "Other than heavy construction (stemming, of course, from the downtown highrise boom), the largest contributors to the city's employment growth were in the service sector." Birch found that since 1980, the only net job creation occurred at firms with fewer than 99 employees, most of it with fewer than 19 employees.

As noted in this report, firms with less than 99 employees represent 96.8% of all businesses in the downtown study area. In fact, 90% of all downtown businesses have 25 employees or less.

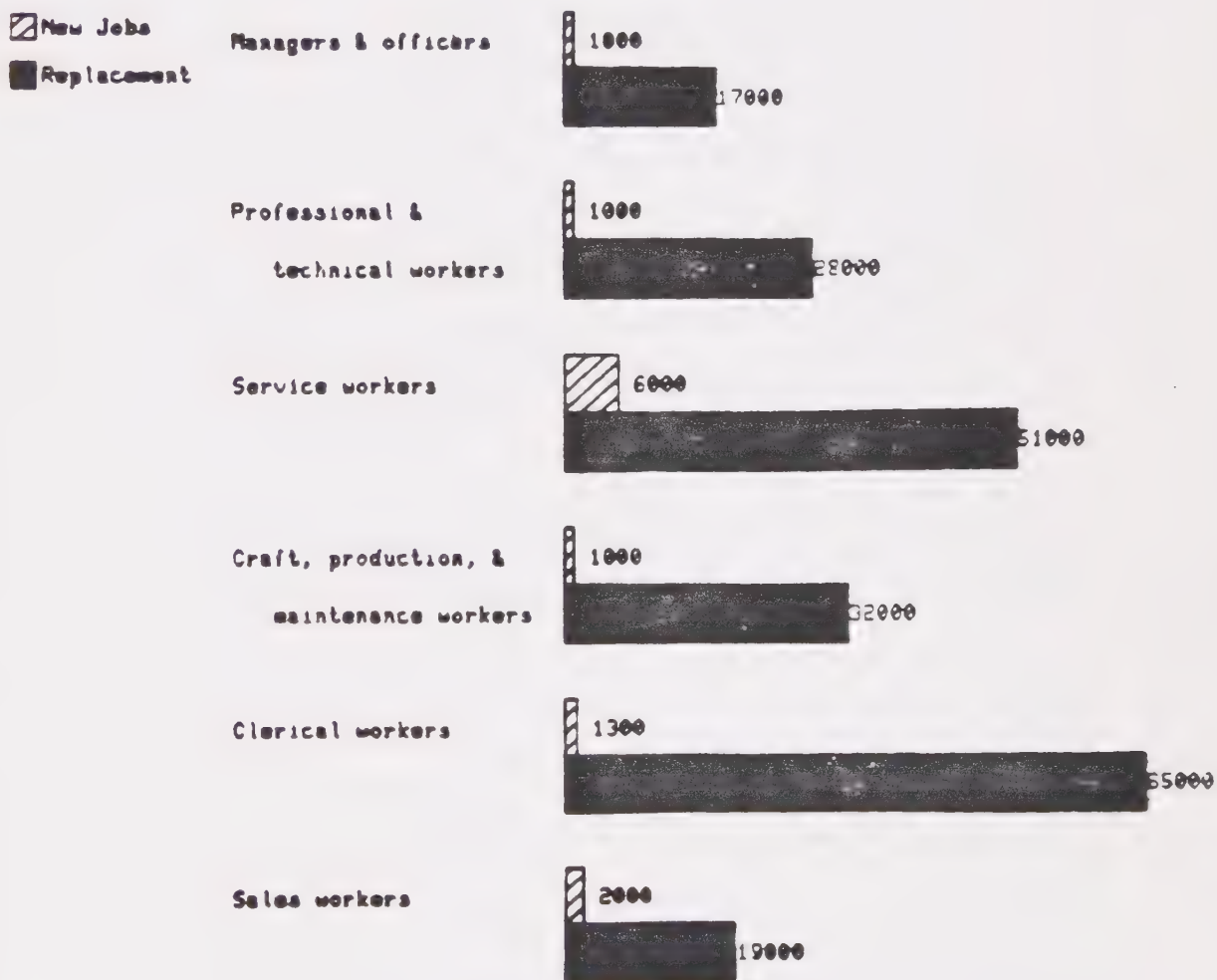
San Francisco City & County
Wage & Salary Employment by Industry
December 1984--Numbers in thousands



Employment Forecast
San Francisco City & County
December 1984--December 1986



**San Francisco City & County
New Jobs vs. Replacement Needs
December 1984--December 1986**



During the two-year forecast period, San Francisco will register a net gain of 12,300 jobs. The largest proportion of these jobs will be among service workers. This occupational group includes waiters/waitresses, janitors/building maintenance workers, and guards, among others. As the table below shows, employment gains concentrated in the services and retail trade industry divisions during 1985 and 1986 will be somewhat offset by losses in other industries. Relocations of communications workers and certain large bank operations to the East Bay will be largely responsible for the job decline. Most of these relocated positions involve professional and clerical workers.

San Francisco City and County
Job Growth by Industry
December 1984 - December 1986

Industry	New Jobs
Services	12,600
Business services*	7,300
Hotels and other lodging places	1,100
Legal services	800
Other services	3,400
Retail trade	7,000
Eating and drinking places	3,600
Department stores	1,200
Other retail stores	2,200
Wholesale trade	500
Construction	400
Other industries	-8,200
TOTAL (NET GAIN)	12,300

* Includes advertising and personnel agencies, computer/data processing, management consulting, janitorial and protective services, among others.

ANALYSIS OF SELECTED HIGHRISES

The following is an analysis of three downtown office buildings by type of occupancy and size of firms. Estimates have also been made regarding percentage of occupancy by SIC code.

In addition, an analysis has been made of the type and number of jobs which existed prior to development of the office buildings, as well as revenues to the city and economic impact on the local economy.

These office buildings were selected as examples of: 1) a large office building, 101 California Street (1,129,000 square feet), which was designed to accommodate larger users, and 2) two smaller office buildings, 505 Sansome Street (190,027 square feet) and 353 Sacramento Street (277,000 square feet), two buildings which might represent the size of building approved under the Downtown Plan.

The object of this exercise is to examine the typical types of businesses which locate in downtown office buildings.

It should be noted that this data reflects 1984 and 1985 information and can be subject to change.

101 CALIFORNIA STREET
1,289,700 Gross Square Feet

101 California Street was developed by Gerald Hines. The project was approved in 1979 and construction was completed in 1982. The building has 1,289,700 gross square feet and 1,100,000 net rentable square feet. It was originally developed to accommodate larger users, with ITEL originally committing to 30% of the rentable space. Subsequent financial troubles precluded ITEL's occupancy.

Prior to construction, the site was occupied by seven structures with a total of 178,000 net square feet. Much of the space was unoccupied due to the age and condition of the buildings. Business establishments employed about 100 persons, predominantly restaurant and retail workers. In 1979, the site generated \$146,000 in property taxes, \$28,000 in sales tax to San Francisco and \$7,100 in payroll and business taxes. Combined revenue to San Francisco was \$181,000.

101 California Street was completed in 1982 at a cost in excess of \$100 million. An analysis of the tenants in the building reveals the following:

- o The average size tenant has 47 employees and occupies between 9,400 and 11,750 square feet.
- o Forty percent of the tenants have between one and five employees, and 67% of the tenants have less than 25 employees.
- o Forty-five percent of the tenants are in the Service category, followed by 33% in the FIRE category.

- o Twenty-three percent of the space is occupied by two companies with over 500 employees, and 29% of the building is occupied by companies with 100 to 250 employees.

The building now generates \$2,405,757 per year in property taxes. Estimated payroll tax is approximately \$240,000 a year. Indirect economic benefits are derived from resident employees who, it is estimated, spend 80% of their disposable income in the city. It is estimated that 45% of the building's occupants live in San Francisco. With an average disposable income of \$25,000 to \$30,000 annually (less 33% taxable gross income), an estimated \$20,000,000 of secondary income is generated. In addition, downtown expenditures by occupants for meals, apparel, cosmetics, etc., exceed almost \$4 million annually in taxable sales. Commercial Real Estate firms report that approximately 80% of the tenants in new buildings relocate from other San Francisco locations, and 20% represent a new workforce. Accordingly, 20% of the secondary economic benefits can be considered additional to the existing economy. The project also generated a construction payroll of approximately \$30 million, with an average of approximately 340 full-time jobs at any one time during the two-and-one-half-year construction period.

101 CALIFORNIA STREET

Percentage of Firms by SIC Code

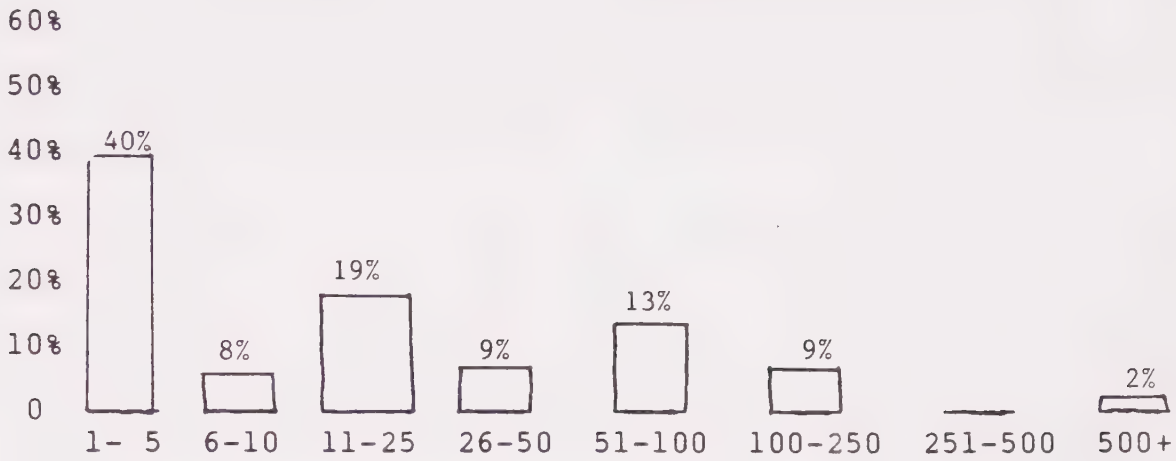


Percentage of Occupancy by SIC Code

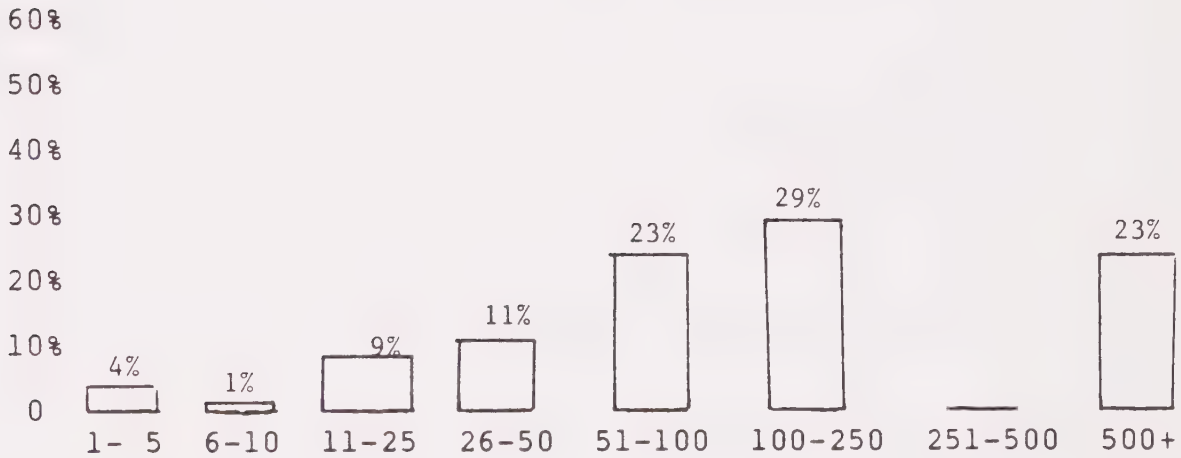


101 CALIFORNIA STREET

Percentage of Firms by Number of Employees



Percentage of Square Foot Occupancy by Size of Company



353 SACRAMENTO STREET
277,000 Gross Square Feet

353 Sacramento Street was developed by Daon Corporation, a Canadian development firm. The project was approved in 1980 and construction was completed in 1983. The building has 277,000 gross square feet and 239,000 net rentable square feet.

Prior to construction, the site was occupied by three buildings: two 2-story and one 6-story for a total of 40,100 square feet. Business employed approximately 220 people, 65% coming from one architectural firm, 20% retail and restaurant employees and 15% in the real estate and legal professions. In 1979-80, the site generated \$19,100 in property taxes, \$12,700 in sales tax and \$22,600 in business or payroll taxes. Combined revenue to San Francisco was \$54,400.

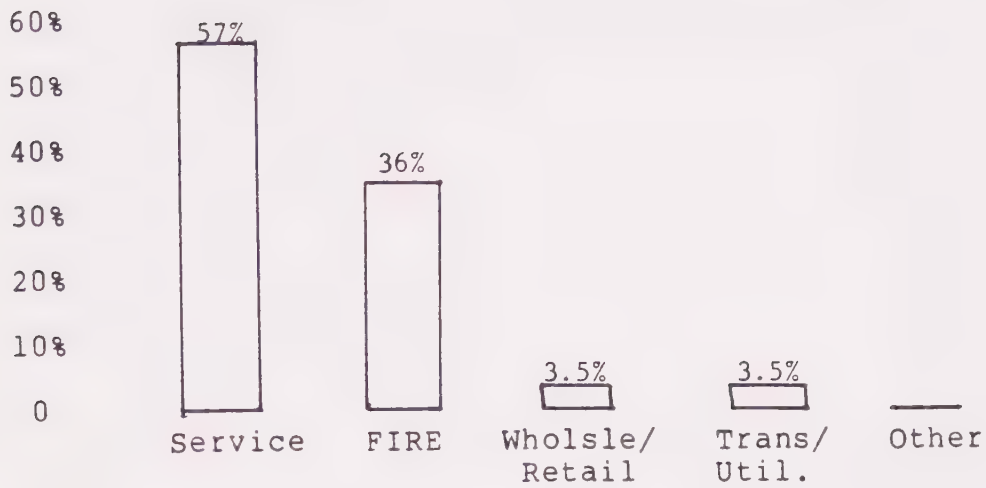
353 Sacramento Street was completed in 1983 and cost approximately \$27 million. An analysis of the tenants in the building reveals the following:

- o The average size tenant has 20 employees and occupies 5,208 square feet.
- o Forty-three percent of the companies have between one and five employees, and 86% of the firms have less than 25 employees.
- o Forty-eight percent of the firms are in the FIRE category, followed by 34% in the Service category.
- o About half of the space in the building is occupied by companies with 50 to 100 employees, with the remainder of the space devoted to companies with less than 50 employees

The building now generates \$668,634 in property taxes. It is estimated that the project generated \$15,000 to San Francisco in revenue from retail sales. Payroll taxes are estimated at \$97,000 per year. Indirect economic benefits are derived from both sales tax resulting from over \$1 million of tenant/employee spending and an additional \$5 million put into the economy by San Francisco resident/employee spending. The project also generated 120 full-time jobs during the construction period of 18 months, with a payroll of \$5.4 million.

353 SACRAMENTO STREET

Percentage of Firms by SIC Code

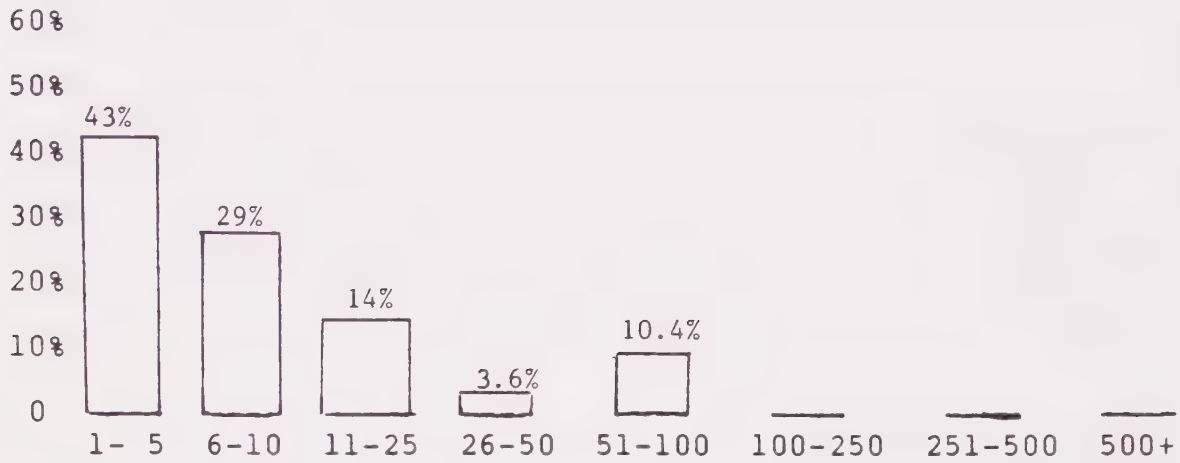


Percentage of Occupancy by SIC Code

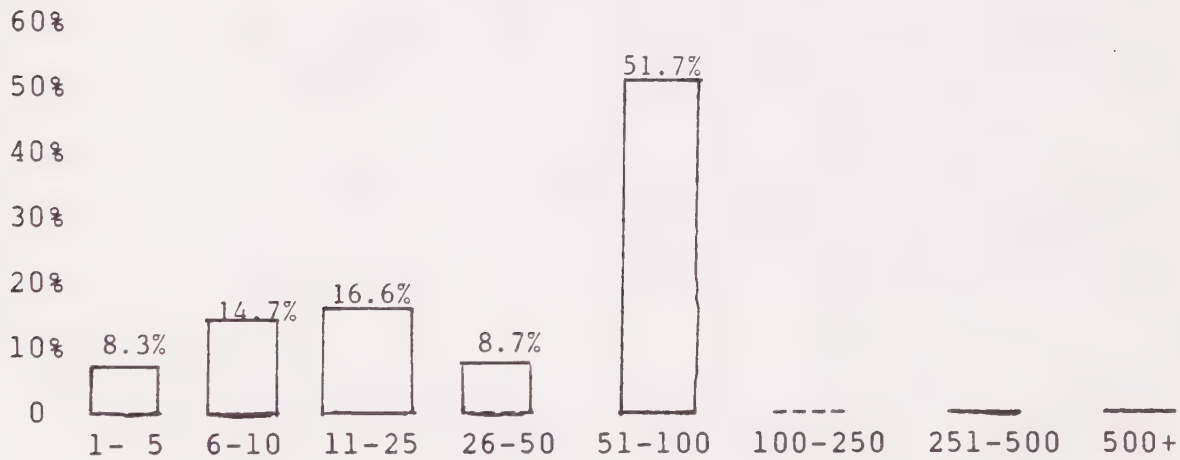


353 SACRAMENTO STREET

Percentage of Firms by Number of Employees



Percentage of Square Foot Occupancy by Size of Company



505 SANSOME STREET
190,027 Gross Square Feet

505 Sansome Street was developed by MSC Associates. The project was approved in 1976 and construction was completed in 1980. The building has over 190,027 gross square feet and 163,165 net rentable square feet.

Prior to construction, the site was occupied by a 4-story building and two 2-story buildings. Approximately 25 people were employed in restaurant and general office jobs. In 1975-76, the site generated \$25,000 in property taxes and \$12,500 in sales tax. Combined revenue to San Francisco was \$37,500.

505 Sansome Street was completed in 1980 and cost approximately \$18 million. An analysis of the tenants in the building reveals the following:

- o The average size tenant has 27 employees and occupies 6,798 square feet.
- o Forty-one percent of the companies have between one and five employees, and 87% of the firms have less than 25 employees.
- o Fifty-eight percent of the firms are in the Service category, with 37% in the FIRE category.
- o Sixty percent of the space in the building is occupied by one firm in the FIRE category, and the remaining 40% of the building is occupied by firms having less than 50 employees.

The building now generates \$299,359 a year in property taxes. Payroll taxes are estimated at \$64,000. Indirect economic benefits derived from tenant spending downtown is estimated at over \$600,000 per year, with \$3.5 million spent annually in the local economy by employees who reside in San Francisco. The project also generated 100 full-time jobs during the 18-month-to-two-year construction period.

505 SANSOME STREET

Percentage of Firms by SIC Code

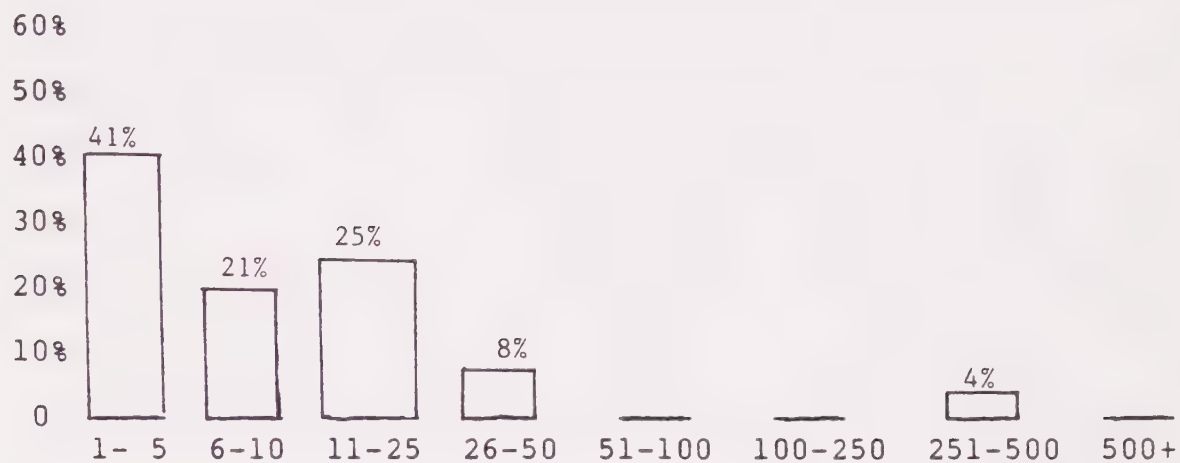


Percentage of Occupancy by SIC Code

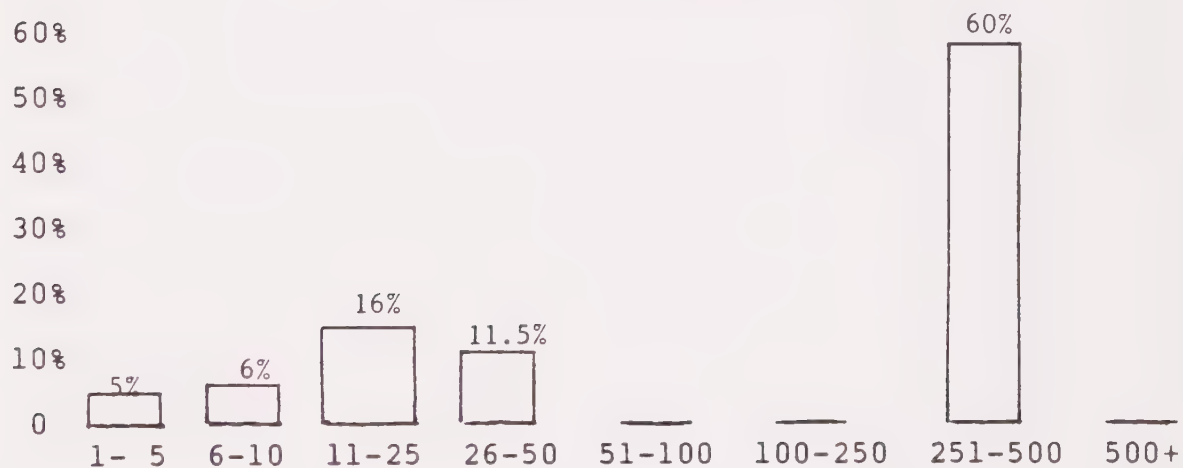


505 SANSOME STREET

Percentage of Firms by Number of Employees



Percentage of Square Foot Occupancy by Size of Company



ECONOMIC IMPACTS

101 California Street

	Pre-Development	Post-Development
Property Taxes	\$146,000	\$2,405,757
Sales Taxes	28,000	240,000
Payroll Taxes	<u>7,100</u>	<u> </u>
TOTAL	\$181,100	\$2,645,757
Indirect - S.F.	\$500,000	\$20,000,000*
Indirect - Downtown	\$100,000	\$4,000,000*

*Twenty percent of indirect benefits are considered new to San Francisco economy.

\$30 million in payroll or 850 man-year jobs.

353 Sacramento Street

	Pre-Development	Post-Development
Property Taxes	\$19,100	\$668,634
Sales Taxes	12,700	15,000
Payroll Taxes	<u>22,600</u>	<u>97,000</u>
TOTAL	\$54,400	\$780,634
Indirect - S.F.	\$2,200,000	\$5,000,000*
Indirect - Downtown	\$220,000	\$1,000,000*

*Twenty percent of indirect benefits are considered new to San Francisco economy.

\$5.4 million in payroll or 180 man-year jobs.

505 Sansome Street

	Pre-Development	Post-Development
Property Taxes	\$25,000	\$299,359
Sales Taxes	12,500	
Payroll Taxes		<u>64,000</u>
TOTAL	<u>\$37,500</u>	<u>\$363,359</u>
Indirect - S.F.	\$125,000	\$3,500,000*
Indirect - Downtown	\$25,000	\$600,000*

*Twenty percent of indirect benefits are considered new to San Francisco economy.

SUMMARY OF ANNUAL TAX REVENUE TO SAN FRANCISCO

	Pre-Development	Post-Development
101 California Street	\$181,000	\$2,645,757
353 Sacramento Street	54,400	780,634
505 Sansome Street	<u>37,500</u>	<u>363,359</u>
TOTAL	\$273,000	\$3,789,750

New Direct Economic Impact:

20% of total = +\$6,820,000 annual new dollars put into San Francisco economy.

CONCLUSIONS

In all three buildings, businesses with between one and five employees represented 40% to 43% of the tenants, with firms under 25 employees representing between 67% and 87% of the tenants, depending on building size.

In the larger building, the average size tenant had 47 employees, while the smaller buildings' tenants averaged as low as 20 employees per firm.

By number of firms, the Service category led the list, with from 45% to 58% of the tenants, while the FIRE category ranged from 33% to 37% of the businesses.

The FIRE category of firms, generally being larger than Service companies, occupied the greatest number of square feet, ranging from 41% to 65% of the space. The Service category occupied between 31% and 34% of the space.

Property tax revenues to San Francisco went from \$146,000 pre-development to \$2,405,757 for a net increase of \$2,259,757. This represents \$2.29 per new square foot annually to San Francisco.

Employment went from 345 people to approximately 5,374, creating over 1,000 new jobs while generating almost 7 million new dollars into the San Francisco economy.

The size and types of firms locating in these buildings correspond to the growth sectors of the economy as projected by the State Department of Employment.

The data developed regarding these three buildings would strongly indicate that the office buildings being developed in downtown San Francisco provide a strong and healthy source of tax revenue to San Francisco while providing needed space for those sectors of San Francisco's economy which are growing.

CITY POLICIES

While new office development contributes significantly to job development and tax revenues, in recent years San Francisco has adopted a number of policies which further mitigate adverse effects of this economic growth.

The city requires developers of buildings in excess of 50,000 square feet to either build affordable housing equal to the impact on the city or pay \$5.34 per square foot to a housing fund administered by the city. Housing built must allocate 62% of the units for persons whose income is 120% of the median or less. To date, \$26,460,643 has been contributed, providing subsidies to 4,437 units of housing.

In addition, the city requires all developers in the C3 district to pay \$5 per square foot to the city for improved MUNI service required to meet development needs. To date, this fund has generated \$14.6 million, which is in escrow pending settlement of court challenges to the legislation.

In 1985, the San Francisco Board of Supervisors also initiated a program which requires office developers to provide child care facilities. They must set aside .01% of space or 3,000 square feet, whichever is greater, for child care facilities or contribute \$4 per square foot to a child care fund to be administered by the Mayor's office to develop child care facilities.

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